# CHAPTER 9

**WHOLESALE VEHICLE TRANSACTION**

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CHAPTER 9

WHOLESALE VEHICLE TRANSACTIONS

9.000 General Information
California licensed dealers and lessor-retailers must report sales of vehicles sold to other California dealers, out-of-state dealers, auto auctions, dismantlers, steel mills, and scrap metal processors on a Wholesale Report of Sale (REG 396) form.

• Wholesale auto auctions must report wholesale vehicle sales on a Vehicle Auction Sale (REG 398) form.
  — A REG 396 is not required if the REG 398 is submitted.

• Sales by an auto auction to a retail buyer must be reported on a Report of Sale–Used Vehicle (REG 51).

• The REG 396 and the REG 398 are controlled forms and can only be obtained from the Department of Motor Vehicles (DMV) Occupational Licensing Section.

• Orders for additional forms are only accepted by mail on a REG 396 Order Form (OL 395W) or a REG 398 Order Form (OL 395A), as appropriate.

• These forms are available online at www.dmv.ca.gov. and must be mailed to the address on the form.

9.005 Completion of the Wholesale Report of Sale (REG 396)

Use the following check list when completing the REG 396.

<table>
<thead>
<tr>
<th>Section</th>
<th>Information Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle Identification Number (VIN)</td>
<td>The complete VIN for the vehicle.</td>
</tr>
<tr>
<td>License Plate Number</td>
<td>The license number for the last registration.</td>
</tr>
<tr>
<td></td>
<td>• If the vehicle does not have a license plate, print “no plate” in the box.</td>
</tr>
<tr>
<td></td>
<td>• If the vehicle’s license plate is from out of state, print “O/S” in the box.</td>
</tr>
<tr>
<td>Make</td>
<td>The make of the vehicle, not the model.</td>
</tr>
<tr>
<td>Year</td>
<td>The manufacturer’s year model.</td>
</tr>
<tr>
<td>Body Type</td>
<td>The body type.</td>
</tr>
<tr>
<td>Odometer Mileage</td>
<td>The actual odometer mileage reading.</td>
</tr>
<tr>
<td>On (Selling Date)</td>
<td>The date of sale.</td>
</tr>
<tr>
<td>Buyer’s Dealer Name/Address</td>
<td>The buying dealer’s name, address, and city.</td>
</tr>
<tr>
<td></td>
<td>Do not abbreviate the city name.</td>
</tr>
<tr>
<td>Buyer’s Dealer Number</td>
<td>The buyer’s dealer number.</td>
</tr>
</tbody>
</table>
9.005 Completion of the Wholesale Report of Sale (REG 396), continued

<table>
<thead>
<tr>
<th>Section</th>
<th>Information Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller’s Dealer Name/Address</td>
<td>Your dealer name and business address.</td>
</tr>
<tr>
<td>Seller’s Dealer Number</td>
<td>Your dealer number.</td>
</tr>
<tr>
<td>Seller’s Signature</td>
<td>Signature of the dealer’s authorized representative.</td>
</tr>
</tbody>
</table>

9.010 Distribution of the Wholesale Report of Sale (REG 396)
Distribute the Wholesale Report of Sale (REG 396) form as follows:
• Mail the DMV copy (white lower portion of the original) to the address shown on the REG 396 within five calendar days of the date of sale, not including the day of sale.
• Give the yellow copy (buyer’s copy) to the buyer.
• Retain the blue copy (seller’s copy) for a minimum of four years.

9.015 Voided Wholesale Report of Sale (REG 396) Forms
• Do not submit voided REG 396 to DMV.
• Complete a Statement of Facts (REG 256) form stating the circumstances of the error (void) and keep it and the voided copy with your records for a minimum of four years.

9.020 Wholesale Rollback
Sales between dealers or lessor-retailers are reported on the REG 396.
• If the buyer returns the vehicle to the seller (rollback), the buyer must complete a REG 396 back to the selling dealer.
• The REG 396 must be submitted to DMV at the address shown on the REG 396 within the prescribed five-day period.

9.025 New Vehicle Wholesale
A franchised new vehicle dealer may wholesale a new vehicle to another franchised dealer. The fees are based on the first retail buyer’s purchase price.
• A dealer cannot advertise for sale, sell, or purchase for resale, any new vehicle of a line-make for which the dealer does not hold a franchise (CVC §11713.1).
• If a broker obtains a new vehicle from a franchised dealer and the vehicle is subsequently sold through a nonfranchised dealer to a retail buyer, the transaction is handled similar to a used vehicle sale.
— An Application for Registration of New Vehicle (REG 397) form is not completed.
### 9.025 New Vehicle Wholesale, continued

**Exceptions (CVC §11713.1(f), (2)):**
- A mobilehome.
- A recreational vehicle (motor home, travel trailer, or camping trailer) as defined in *California Health and Safety Code* (CHSC) §18010.
- A commercial coach as defined in CHSC §18001.8.
- An off-highway motor vehicle (OHV) subject to OHV identification.
- A commercial vehicle with a gross vehicle weight (GVW) rating of more than 10,000 pounds.
- A manufactured home.
- A new vehicle that will be substantially altered or modified by a converter prior to sale.
- A vehicle purchased for export and exported outside the territorial limits of the U.S. *without being registered* by DMV.

Use the following chart for wholesale vehicles.

<table>
<thead>
<tr>
<th>For Sales</th>
<th>Then Submit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between franchised new vehicle dealers.</td>
<td>A REG 397 from the second dealer to the retail buyer and all fees due.</td>
</tr>
<tr>
<td><strong>NOTE:</strong> A Wholesale Report of Sale (REG 396) is not required for sales between dealers of the same franchise.</td>
<td><strong>NOTE:</strong> The first dealer <strong>must</strong> submit a Notice of Transfer and Release of Liability (REG 138) form.</td>
</tr>
<tr>
<td>Between a franchised and nonfranchised or used vehicle dealer, <strong>if the vehicle is one listed above as an exception</strong></td>
<td>• A REG 397 from the franchised dealer with bill(s) of sale necessary to complete the chain of ownership • Application for Title or Registration (REG 343) completed and signed by the new retail buyer. Enter the cost to the retail buyer in the certificate of cost or value section. • Report of Sale–Used Vehicle (REG 51) from the dealer retailing the vehicle. • Statement of Facts (REG 256) from the retailing franchised dealer stating the vehicle was new when sold to the buyer.</td>
</tr>
</tbody>
</table>
9.025 New Vehicle Wholesale, continued

<table>
<thead>
<tr>
<th>For Sales</th>
<th>Then Submit</th>
</tr>
</thead>
</table>
| From a licensed wholesaler (broker) to a nonfranchised dealer | • A REG 343 completed and signed. Enter the cost to the retail buyer in the certificate of cost or value section, one of the following:  
  — Manufacturer’s Statement of Origin properly endorsed to the dealer.  
  — Certified copy of the factory invoice with bill(s) of sale as needed for chain of ownership.  
  • A REG 51 from the dealer retailing the vehicle.  
  • A REG 256 from the retailing franchised dealer stating the vehicle was new when sold to the buyer.  
  • A vehicle verification (required because a REG 397 from the franchised dealer is not submitted with the application).  
  • A Smog certification, if applicable (required because a REG 397 is not being submitted, and, therefore, no compliance certification is being signed). |

9.030 Wholesale Auto Auction Dealer Sales (CVC §§4456, 5901, and 6100)

Wholesale auto auction dealers must report vehicle sales on a Vehicle Auction Sale (REG 398).

• The REG 398 includes the phrase “sold through” and contains the:
  — Name, address, and dealer number of the selling dealer.
  — Name, address, and number of the dealer conducting the auction.
  — Date of delivery and the actual odometer mileage reading at the time of delivery to that dealer.
  — Name, address, and dealer number of the dealer acquiring the vehicle.

• The wholesale auto auction dealer must also complete the “Sold through Auction if Applicable” portion of the “dealer transactions only” section on the reverse side of the title.
  — If the title does not contain a specific space for the auto auction endorsement, the auction must complete one of the dealer sections on the title.
  — Endorsement in the margin of the title is not allowed.
  — If there is insufficient space in the dealer endorsement section, a Vehicle/Vessel Transfer and Reassignment Form (REG 262) must be completed.
9.035  **Distribution of the Vehicle Auction Sale (REG 398)**  
Distribute the Vehicle Auction Sale (REG 398) form as follows:

- Mail the original DMV copy to the address shown on the REG 398 within five calendar days of the date of sale, not including the day of sale.
- Give the duplicate copy to the selling dealer
- Give the triplicate copy to the buying dealer
- Retain the quadruplicate copy (seller’s copy) for a minimum of four years.

9.040  **Voided Vehicle Auction Sale (REG 398) Forms**  
- Do **not** submit voided REG 398 to DMV.
- Complete a Statement of Facts (REG 256) form stating the circumstances of the error (void) and keep it and the voided copy with your records for a minimum of four years.